(d) if so, what steps Government propose to take to help the State Governments in debt servicing; and

(e) whether he has considered the request of Andhra Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM) : (a) Yes, Sir.

(b) Total debt of these States outstanding as on 31.03.2004 (RE) was as under:

(Rs. in crores)

State	Total Debt
Andhra Pradesh	57589
Karnataka	36230
Maharashtra	74692
Punjab	42187
Tamil Nadu	47249
West Bengal	84408

(c) Interest payment made by Andhra Pradesh during financial year 2003-04 (RE) was Rs. 6919 crores. Incremental loans borrowed by Andhra Pradesh during last nine years is Rs. 42426 crores.

(d) and (e) Government of india formulated a Debt Swap Scheme in September, 2002 to give interest relief to the states on the 'high cost debt' owned by the States to the central Government, bearing interest rate of 13% and above with low coupon bearing Small Savings and Additional Open Market Borrowings. The State Government of Andhra Pradesh as on 31.03.2002 had an outstanding high cost (13% above) Central debt of Rs. 6892.84 crores, which stands swapped now.

Government has also decided to accept debt re-schedulement and waiver recommendations of Twelfth Finance Commission.

Policy on investment in Domestic Corporate Bonds

47. SHRI MOOLCHAND MEENA: Will the Minister of FINANCE be pleased to state:

(a) whether he has suggested to the RBI to frame a comprehensive policy on investment in domestic corporate bonds by foreign institutional investors;